

Message Text

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16

ACTION TRSE-00

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E.O. 11652: N/A

TAGS: EFIN, IBRD, IMF, RP

SUBJECT: WORLD BANK IMF PROPOSALS TO INCREASE EXECUTIVE DIRECTORS
AND ALTERNATES SALARIES

TREASURY FOR BUSHNELL

REFS: STATE 155396; MANILA 4874

1. FINANCE SECRETARY VIRATA AND CENTRAL BANK GOVERNOR
LICAROS HAVE BOTH REACTED BY TELEPHONE TO REQUEST CONVEYED
IN SECRETARY SIMON LETTER. BOTH REPORT THAT PHILIPPINE
VOTE HAD BEEN CAST IN FAVOR OF THE PROPOSED INCREASES PRIOR
TO RECEIPT OF THE SECRETARY'S LETTER.

2. VIRATA EXPLAINS HIS REASONS FOR SUPPORTING INCREASED
MUCH AS HE HAS ON EARLIER OCCASIONS. HE BELIEVES IN EFFECT
THAT IBRD AND IMF SHOULD BE ABLE TO PAY HIGH ENOUGH SALARIES
TO BID FOR THE BEST TALENT AVAILABLE IN THE INTERNATIONAL
FINANCIAL COMMUNITY. WHILE NOT UNSYMPATTETIC TO THE
PROBLEMS USG NOW HAS WITH EXECUTIVE SALARY CEILINGS AND
THE CONGRESS, IT APPEARS THAT VIRATA DOES NOT EXPECT THE
SIX YEAR HIATUS OF INCREASES TO LAST MUCH LONGER. THEREFORE,
HE DOES NOT FIND THIS A PERSUASIVE ARGUMENT. NOR DOES HE
SEEM TO FIND THE EXTREME LACK OF COMPARABILITY OF IBRD/
IMF SALARIES WITH THOSE OF PHILIPPINE CABINET OFFICERS A
SOURCE OF PARTICULAR CONCERN OR POTENTIAL EMBARRASSMENT.

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3. THE VIEWS OF THE CENTRAL BANK REFLECT A DOMINANT AND UNABASHED PRAGMATISM. AS REPORTED TO THE EMBASSY BY A SENIOR CB SOURCE, GOVERNOR LICAROS SEES THE PHILIPPINES AS A SUBSTANTIAL AND FREQUENT PETITIONER AT IBRD AND IMF WINDOWS, PARTICULARLY THE IBRD. IT WAS FELT THAT A VOTE AGAINST THE PROPOSED INCREASES WOULD MILITATE AGAINST FAVORABLE CONSIDERATION OF NUMEROUS PENDING FILIPINO LOAN APPLICATIONS.

4. IT APPEARS ONCE AGAIN THAT WHETHER THE MOTIVES ARE AS

OFTY AND DETACHED AS VIRATA INDICATES, OR AS CRASS AS LICARDOS DEPUTY WOULD ALLOW, IT IS NOT PROFITABLE TO COUNT ON PHILIPPINE SYMPATHY FOR THE U.S. POSITION ON THIS ISSUE.
SULLIVAN

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